

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Safety and Enforcement Division

RESOLUTION TL-19113

January 16, 2014

**RESOLUTION**

RESOLUTION ADJUSTING THE RATES IN MAXIMUM RATE  
TARIFF 4, GOVERNING THE TRANSPORTATION OF USED  
HOUSEHOLD GOODS AND PERSONAL EFFECTS BY HOUSEHOLD  
GOODS CARRIERS.

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**SUMMARY**

Effective today, Maximum Rate Tariff 4 (MAX 4) maximum rates are increased by 0.7%.

**BACKGROUND**

MAX 4 contains rates and rules for the transportation of used household goods and personal effects over the public highways within California by household goods carriers.

Public Utilities Code Section (Pub. Util. Code) § 5191(d) states:

*In establishing or approving any maximum rates for household goods carriers, the commission shall, on or immediately after January 1, 1996, adjust the current level of maximum rates by application and use of the index number methodology relied upon by the commission in 1992 to assist in the establishment of the current level of maximum rates and make that adjustment for the time period from the date that index was last relied upon to the latest date that index data is available.*

*Thereafter, maximum rates shall be adjusted at least once annually by use of the same index methodology, or another index methodology found by the commission to be appropriate for the adjustment of household goods carrier maximum rates, less a reasonable percentage of any index increase to encourage higher productivity and promote efficiency and economy of operation by household goods carriers. The commission may also adjust maximum rates when deemed reasonable to allow for extraordinary changes in household goods carrier costs.*

By Decision (D.) 98-04-064, issued April 23, 1998, we decided to use for the future the 1992 index methodology set forth in Pub. Util. Code § 5191, and adopted the productivity “offset factor” of 0.669 to apply when that methodology produces an index increase. The 1992 methodology was the result of the adoption of a settlement between the parties in our last household goods program investigation (D.92-05-028 in Order Instituting Investigation (I.) 89-11-003). (44CPUC 2d 211, 229, 325.) Under that methodology, MAX 4 rates are adjusted by a formula based on inflation, with the exception of the packing materials rates contained in Item 340 of the tariff. Our 1992 decision set packing materials rates in Item 340 at the values in the interstate Household Goods Carriers’ Bureau Tariff HGB 400-G, Item 106. We subsequently increased the Item 340 rates in response to formally filed requests by the household goods carrier industry. (See D.95-02-025, D.95-07-024, D.00-01-046, and D.07-04-035). By D.10-01-027, issued January 21, 2010, we reset the productivity offset factor from .667 to .95 for five years, effective January 31, 2010.

We also determined in the 1998 decision that index changes in 1999 and future years should be calculated to the nearest one-tenth of one percentage point, with the tariff being amended only when the index change (adjusted by the offset factor in the case of an increase) amounts to 0.5 percentage points or more. That is, if the methodology dictates a January rate change of less than 0.5 percentage points in a given year, the change will be postponed until the subsequent January in which the cumulative change produced by the methodology amounts to at least 0.5 percentage points.

As has been the case since Pub. Util. Code § 5191 first directed us to index MAX 4 rates, any rate change we order here for 2014 must be based on the index change accruing between the last month for which we have index data and the most recent month that is administratively feasible to use to enable us to publish new MAX 4 rates in January 2014. The last month for which we have index data is October 2013.

## **DISCUSSION**

A description of the index, the index number calculations and application of the productivity factor that must be made to arrive at the adjustment in MAX 4 rates for the period October 2012 to October 2013 is set forth in Appendix. The

calculations show that the methodology produces an increase, adjusted for productivity in accordance with D.10-01-027, of 0.7% for this period. The revised MAX 4 tariff pages listed in Appendix B increase maximum rates by this percentage. They are made effective today.

### **COMMENTS ON DRAFT RESOLUTION**

To comply with Pub. Util. Code § 311(g), the Safety and Enforcement Division commenced publication of a Daily Calendar notice on December 11, 2013 that apprised the public of the availability of its draft of this resolution and solicited submission of comments by December 31, 2013. Comments were filed by\_\_\_\_\_.

### **FINDINGS**

1. Pub. Util. Code § 5191 requires the Commission to adjust MAX 4 rates annually using an index methodology.
2. By D.98-04-064 we set forth the index methodology and related productivity adjustment factor to be used pursuant to Pub. Util. Code § 5191 to make yearly MAX 4 rate adjustments.
3. By D.10-01-027 we revised the productivity offset factor to be used in making the yearly rate adjustments from .667 to .95 for five years effective January 31, 2010.
4. The 2014 MAX 4 rate adjustment required by Pub. Util. Code § 5191 should cover the period October of 2012 to October of 2013.
5. The index change reflected in Appendix A should be applied in 2014. It supports a MAX 4 rate increase of 0.7% for all tariff rates except packing materials rates in Item 340.
6. Increasing all MAX 4 rates except the packing materials rates in Item 340 of the tariff by 0.7% in 2014 will satisfy the MAX 4 rate adjustment provisions contained in Pub. Util. Code § 5191 and in D.98-04-064.
7. The MAX 4 packing materials rates should remain at their current levels, pending adjustment upon the granting of an application requesting their modification.

**THEREFORE, IT IS ORDERED that:**

1. Maximum Rate Tariff 4 (Attachment B to Decision 92-05-028, as amended) is further amended by incorporating the revised tariff pages attached and listed in Appendix B to this resolution, effective today.
2. The Executive Director shall cause a copy of this Resolution to be served on every household goods carrier with a permit from the Commission.

This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted by the Commission at its regularly scheduled meeting on January 16, 2014. The following Commissioners voted favorably thereon:

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PAUL CLANON  
Executive Director

Commissioners

Attachments:

Appendix A  
Appendix B

APPENDIX A

INDEX CALCULATIONS FOR DETERMINING THE  
JANUARY, 2014 MAX 4 RATE ADJUSTMENT  
REQUIRED BY PUBLIC UTILITIES CODE SECTION 5191

This index process involves deriving an average index number from two others contained in the publication Consumer Price Indexes - Pacific Cities and U.S. City Average. This publication is issued by the Federal Department of Labor, Bureau of Labor Statistics (BLS) and is updated monthly and posted at [www.bls.gov/ro9/pachist.htm](http://www.bls.gov/ro9/pachist.htm).

The BLS values averaged together are those from the All Urban Consumers category for: 1) the Los Angeles-Riverside-Orange Co. (LA-R-O) area, and 2) the San Francisco-Oakland-San Jose (SF-O-SJ) area<sup>1</sup>.

The following calculations show the degree of MAX 4 rate change required by Pub. Util. Code § 5191 for January 2014:

<b><u>BLS All Urban Consumers Index Category</u></b>			
	<b>October 2012</b>		<b>October 2013<sup>2</sup></b>
LA-R-O area	709.396		708.891
SF-O-SJ area	746.538		758.169
2012 total	1455.934	2013 total	1467.060
2012 avg.	727.967	2013 avg.	733.530
(13 avg. -12 avg. / 12 avg.) x 100 = change x 0.953 = adjustment			
((733.530 - 727.967) / 727.967) x 100 x 0.95 = 0.7%			

Thus, the MAX 4 rates, except packing materials rates, should be increased by 0.7% on January 16, 2014.

<sup>1</sup> This is the "averaged" index derivation set forth in Exhibit 105 in the I.89-11-003 proceeding and relied upon in establishing MAX 4 rates by Decision 92-05-028, dated May 28, 1992.

<sup>2</sup> The October 2013 index value is the most current one allowing Commission review at the January 16, 2014 meeting.

<sup>3</sup> The current productivity factor is set forth in Decision 10-01-027.

**APPENDIX B**

LIST OF REVISED PAGES TO  
MAXIMUM RATE TARIFF 4:

EIGHTEENTH REVISED PAGE 11  
SEVENTEENTH REVISED PAGE 13  
SEVENTEENTH REVISED PAGE 22  
EIGHTEENTH REVISED PAGE 38  
EIGHTEENTH REVISED PAGE 40  
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TWENTY-SECOND REVISED PAGE 59  
NINETEENTH REVISED PAGE 61  
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TWENTIETH REVISED PAGE 65  
TWENTY-FIRST REVISED PAGE 69